

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Lifeline and Link Up Reform and	)	WC Docket No. 11-42
Modernization	)	
	)	
Telecommunications Carriers Eligible for	)	WC Docket No. 09-197
Universal Service Support	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	

**COMMENTS OF THE  
NATIONAL HISPANIC MEDIA COALITION**

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## SUMMARY

The National Hispanic Media Coalition (“NHMC”), an ardent and tireless advocate for Lifeline, is pleased that the Federal Communications Commission is beginning the process of modernizing the program and fully supporting the inclusion of broadband services.

Lifeline, while not a silver bullet, has the potential to address the digital divide in a significant way as a program that addresses the affordability barrier to adoption and maintenance of communications services. Among low-income households and in communities of color, affordability remains an insurmountable barrier to broadband adoption for many families. Indeed, available data indicates that there is a great deal of overlap between those who do not currently have broadband at home and Lifeline subscribers, leaving Lifeline particularly well-suited to reach a large portion of non-adopting households.

As the Commission endeavors to determine the best way to maximize the efficacy of Lifeline dollars through the possible imposition of minimum service levels for Lifeline products, the Commission should not lose sight of statutory language that defines universal service as an evolving level of telecommunications service. If such minimum standards are set, mechanisms should also be adopted which would allow them to evolve regularly with the market and changing usage patterns and technologies. Moreover, the support level, currently set at \$9.25, should be allowed to evolve over time to and not be made permanent.

Lifeline is still a severely underutilized universal service program. It would be in appropriate to impose a cap that could prevent eligible households from participating.

Finally, the legal authority that the Commission proposes to rely on based on its classification of broadband Internet access service as a telecommunications service under Title II of the Communications Act is appropriate and sufficient to enable Lifeline support for broadband.

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**COMMENTS OF THE NATIONAL HISPANIC MEDIA COALITION**

The National Hispanic Media Coalition (“NHMC”) respectfully submits these comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) Second Further Notice of Proposed Rulemaking (“FNPRM”) seeking input on improvements to Lifeline that will modernize and restructure the program.<sup>1</sup> NHMC is pleased that the Commission appears to be moving forward with a number of NHMC’s previous proposals, namely taking steps to fully include broadband service in the program. NHMC hopes that the Commission will move quickly to embrace a number of the contemplated enhancements while leaving flexibility to continuously evaluate and evolve support, as contemplated in statute.

**INTRODUCTION**

During the FCC’s June 2015 Open Meeting, Commissioner Clyburn called broadband “the greatest equalizer of our time but... only if everyone has access.”<sup>2</sup> Clyburn went on to state that Lifeline should be a “part of a pathway out of poverty” and that the assistance it provides

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<sup>1</sup> *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Second Further Notice of Proposed Rulemaking, FCC 15-71 (rel. Jun. 22, 2015) (“FNPRM”).

<sup>2</sup> *Statement of Commissioner Mignon Clyburn*, Lifeline and LinkUp Reform and Modernization, FCC Open Meeting (June 18, 2015), available at <https://www.fcc.gov/article/fcc-15-71a3>.

should be “so successful and so enabling that recipients no longer need it or any other federal benefit program.”<sup>3</sup> NHMC strongly agrees and, indeed, can find examples within its own ranks of the enabling power of Lifeline.<sup>4</sup>

NHMC has long recognized Lifeline for its unique ability to deliver important communications tools to help our nation’s poor achieve prosperity. Lifeline is a targeted hand-up rather than a handout. It provides a pathway out of poverty for millions of people in the United States. It opens doors that would otherwise be closed to education, employment, affordable healthcare, civic participation and advocacy, public safety, and much more. In each of these categories are thousands of untold stories about the impact that Lifeline has had on the lives of beneficiaries.

For example, to examine the impact that Lifeline has on public safety, one should consider data that was put into the record of this docket during a previous proceeding. According to one provider of wireless Lifeline services, in December 2012 in the state of Georgia alone, its customers placed 5,904 calls to 911, 3,197 calls to non-emergency law enforcement, and 15,085 calls to hospitals.<sup>5</sup> That is almost 200 emergency calls to 911 per day, in one state, from the customers of one provider. If one were to use that number to extrapolate the rest of the country

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<sup>3</sup> *Id.*

<sup>4</sup> See *The Lifeline Fund: Money Well Spent? Hearing Before the Subcomm. On Commc’ns. and Tech. of the H. Comm. on Energy and Commerce*, 113<sup>th</sup> Cong. 1 (2013) (statement of Jessica J. Gonzalez, National Hispanic Media Coalition), *available at* <http://docs.house.gov/meetings/IF/IF16/20130425/100759/HHRG-113-IF16-Wstate-GonzalezJ-20130425.pdf>; *Lifeline: Improving Accountability and Effectiveness Hearing Before the Subcomm. On Commc’ns., Tech., Innovation and the Internet of the S. Comm. On Commerce, Sci., and Transp.*, 114<sup>th</sup> Cong. (2015) (statement of Jessica J. Gonzalez, National Hispanic Media Coalition), *available at* [http://www.commerce.senate.gov/public/?a=Files.Serve&File\\_id=1119f6f7-7244-4b4f-9c27-2310091f2270](http://www.commerce.senate.gov/public/?a=Files.Serve&File_id=1119f6f7-7244-4b4f-9c27-2310091f2270).

<sup>5</sup> Telrite Corporation, Ex Parte Presentation, WC Docket Nos. 11-42, 09-197 (filed Apr. 17, 2013).

and to all Lifeline providers over the course of many years, it is difficult to fathom the number of lives that have potentially been saved because of this program. It is also tough to imagine what would have happened to these thousands of customers if they did not have a Lifeline phone.

Lifeline provides critical access to communications networks, allowing low-income families to effectively and efficiently complete tasks that many take for granted, such as receiving important messages from childcare providers, staying in touch with current or prospective employers, and calling 911 during an emergency. In providing this critical tool, Lifeline aims to leave recipients in a better situation than they would otherwise be in – healthier, better educated, gainfully employed – to the point that they may no longer need Lifeline or other benefit programs.

Accomplishing this, as Lifeline often does, is quite a feat considering the relatively modest size of the program and the modest benefit that it provides.

However, Lifeline has the potential to do much more. It is perfectly situated to mitigate the main barrier to broadband adoption in this country – affordability – for a constituency that is most often found on the wrong side of the digital divide: low-income consumers.

Unfortunately, the digital divide that continues to exist in this country is stark and persistent. Home broadband is still out of reach for nearly 30 percent of people in the United States, roughly 94 million people.<sup>6</sup> This percentage increases to about 53 percent for people earning less than \$25,000 a year.<sup>7</sup> Latinos are much less likely to have a broadband connection at home, with only 53 percent subscribing to the service – one of the lowest measured adoption

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<sup>6</sup> Broadband Technology Fact Sheet, Pew Research Center, *available at* <http://www.pewinternet.org/fact-sheets/broadband-technology-fact-sheet/> (last visited Aug. 31, 2015).

<sup>7</sup> *Computer and Internet Use in the United States: 2013*, American Community Survey Reports at 3 (Nov. 2014), *available at* <http://www.census.gov/history/pdf/2013computeruse.pdf>.

rates for any ethnic group.<sup>8</sup> Those who prefer to speak Spanish at home have proven to be one of the most difficult groups to reach, with only 38 percent having broadband within the home.<sup>9</sup> African-Americans, seniors, people with disabilities, less-educated individuals, and those living in rural areas are also far more likely to go without home broadband.

Within this divide, one finds individuals like Berta Blanca Moreno, a 64-year-old retired nurse living in her home state of New Mexico, who is a new recipient of the Lifeline subsidy. Financial instability has molded her current living and work situations. Once a vibrant newcomer to the Internet, Ms. Moreno was forced to give up her broadband and phone access to make ends meet. The current Lifeline subsidy assisted her in securing voice access so that her family may contact her, but providers in her area do not offer broadband as part of a bundled service. Ms. Moreno's Lifeline subsidy for voice required her to fill out an online enrollment form, which she accessed from her daughter's house. Lack of broadband access not only limits Ms. Moreno from enrolling in services already offered, but also from job applications, email communication, vital health information for an upcoming surgery, and even pictures of her great-grandchildren. When asked if she would utilize broadband if it were to become a part of the Lifeline subsidy, Ms. Moreno overwhelmingly indicated she would and that she knew broadband access would improve her day-to-day life.

Access to reliable broadband can be a huge boon for so many people of color who have been historically underserved and fall on the wrong side of the digital divide. The importance of

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<sup>8</sup> Kathryn Zickuhr & Aaron Smith, Home Broadband 2013, Pew Internet and American Life Project (2013), *available at* [http://www.pewinternet.org/~media/Files/Reports/2013/PIP\\_Broadband%202013\\_082613.pdf](http://www.pewinternet.org/~media/Files/Reports/2013/PIP_Broadband%202013_082613.pdf) ("Home Broadband 2013").

<sup>9</sup> Lee Rainie, Director, Pew Internet and American Life Project, Presentation at Washington Post Live 2013 Bridging the Digital Divide forum (Nov. 5, 2013), *available at* <http://www.pewinternet.org/Presentations/2013/Nov/The-State-of-Digital-Divides.aspx>.

maintaining a broadband connection cannot be overstated. The FCC's Broadband Adoption Taskforce has defined the digital divide that exists between those that have broadband and those that do not as an "opportunity divide" that manifests itself in a number of ways.<sup>10</sup> For instance, more than 80% of Fortune 500 companies, including huge employers like Wal-Mart and Target, accept only online job applications.<sup>11</sup> In the next decade, nearly 80% of jobs will require some digital literacy skills.<sup>12</sup> And students with broadband at home graduate at a higher rate than students who lack such access.<sup>13</sup> Consumers with broadband at home can save up to \$7,000 per year on goods and services, and annual revenues of small businesses with broadband access are, on average, \$200,000 higher than those without broadband.<sup>14</sup>

The importance and timeliness of this proceeding is significant. Lifeline is ready to meet the call. Since 2012, the Commission has gone to great lengths to introduce program integrity measures and root out any wrongdoers. The FCC implemented a number of program integrity measures such as: the creation of the National Lifeline Accountability Database, resulting in the de-enrollment hundreds of thousands of duplicate subscriptions and savings of over \$33 million; new requirements for documenting proof of subscriber eligibility and annual recertification of eligibility; and frequent, independent audits of carriers. Between 2012 and 2014, the FCC's reforms, as well as an improving economy and, thus, fewer eligible households, cut Lifeline annual spending from \$2.2 billion to \$1.6 billion and removed over two million duplicate subscriptions.

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<sup>10</sup> FCC Broadband Adoption Taskforce, *Broadband Adoption Presentation to FCC Open Meeting*, at slide 4-5 (Nov. 30. 2011), *available at* [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-311281A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-311281A1.pdf).

<sup>11</sup> *Id.* at slide 10.

<sup>12</sup> *Id.* at slide 11.

<sup>13</sup> *Id.* at slide 14.

<sup>14</sup> *Id.* at slide 19.



Moreover, Chairman Wheeler developed a Universal Service Fund (“USF”) strike force to address any remaining wrongdoing in Lifeline and other USF programs. The FCC’s enforcement actions have proposed more than \$90 million in fines against companies for violating rules. FCC consent decrees have recovered \$600,000 in payments to the U.S. Treasury and more than \$400,000 in repayments. The FCC has also issued citations to more than 300 Lifeline customers with duplicative subscriptions. All told, the FCC has righted the program with new rules and procedures and has become an active “cop on the beat,” ensuring that the program remains healthy.

As Commissioner Clyburn has so often and rightfully noted, we cannot wait any longer to take real action towards ensuring that the least among us have access to the tools necessary to succeed. Every additional moment that a household remains disconnected contains incalculable missed opportunities and untold hardship. NHMC urges the Commission to act with haste to modernize the program and bring it into the broadband age.

## **DISCUSSION**

### **I. ALLOWING LIFELINE TO FULLY SUPPORT BROADBAND HAS TREMENDOUS POTENTIAL TO ADDRESS THE AFFORDABILITY BARRIER TO ADOPTION FOR THOSE ON THE WRONG SIDE OF THE DIGITAL DIVIDE.**

As noted above, the digital divide is real and persistent. Latinos, African-Americans, seniors, people with disabilities, less educated individuals, the poor, and those living in rural areas are far less likely to have home broadband service than others. Lifeline is a means-tested and targeted program that, if modernized correctly, could make significant positive impact on the digital divide. Lifeline must quickly be modernized to support broadband Internet access service.

In recent years, broadband adoption in the United States has remained stagnant, suggesting that additional, targeted efforts are required to make further strides towards ensuring

that everyone in this country is online.<sup>15</sup> One researcher recently pointed out that “[a]fter increasing by an average of nearly seven percentage points per year from 2000 through 2009, the national broadband adoption level increased by a total of just seven percentage points from 2009 through 2013.”<sup>16</sup> And, in a frightening development, the adoption rate for people making less than \$25,000 dropped slightly between 2012 and 2013, from 48 percent to 47.2 percent, sending us in the wrong direction.<sup>17</sup>

Affordability, the barrier that Lifeline is designed to address, is often cited as the primary driver of broadband decisions – such as the decision to subscribe to the service initially or to cancel it. For people under 65, the primary reason cited for failure to adopt is affordability.<sup>18</sup> Data shows that, for lower-income rural households where broadband is available, affordability is also the main barrier to adoption.<sup>19</sup> Cost is the top reason Latinos remain offline, with 41 percent of Latino non-adopters citing it as their main barrier to adoption.<sup>20</sup> Further, households

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<sup>15</sup> *Broadband Adoption: The Next Mile Hearing Before the Subcomm. On Commc’ns., Tech., and the Internet of the S. Comm. On Commerce, Sci., and Transp.*, 113<sup>th</sup> Cong. 1 (2013) (statement of Aaron Smith, Senior Researcher, Pew Research Center’s Internet Project), available at [http://www.commerce.senate.gov/public/?a=Files.Serve&File\\_id=8919d402-a852-4246-916e-de623778e7e5](http://www.commerce.senate.gov/public/?a=Files.Serve&File_id=8919d402-a852-4246-916e-de623778e7e5).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 16 (reporting based on 2012 Census data that 48% of households earning less than \$25,000 use broadband at home); *Computer and Internet Use in the United States: 2013*, American Community Survey Reports at 3 (Nov. 2014), available at <http://www.census.gov/history/pdf/2013computeruse.pdf> (reporting based on 2013 Census data that 47.2% of households earning less than \$25,000 have high speed Internet access at home, down from 48% in 2012).

<sup>18</sup> John B. Horrigan, *Closing Online Access Gaps for Older Adults*, Time Warner Cable Research Program on Digital Communications 11 (2014), available at <http://www.twcresearchprogram.com/pdf/TWC%20Horrigan%20Project%20GOAL%20Paper.pdf>.

<sup>19</sup> *Rural Broadband At A Glance*, USDA (2013 ed.), available at <http://www.ers.usda.gov/media/1133263/eb-23.pdf>.

<sup>20</sup> Dep’t of Commerce, Nat’l Telecomm. & Info. Admin., *Exploring the Digital Nation: Embracing the Mobile Internet* (Oct. 2014), available at

that have had to cancel Internet access service overwhelmingly cite cost as the main reason (43 percent cite cost vs. 21 percent citing loss of need or relevance).<sup>21</sup> Smartphone users tell a similar story, with 44 percent of people making less than \$30,000 per year reporting that they have had to cancel or suspend service due to the financial burden.<sup>22</sup>

While lack of perceived relevance or interest are also barriers to adoption for some, primarily those over 65 years old, a recent survey from Pew Research Center, when combined with other Pew data, illuminates an interesting story: a significant number of those who lack home broadband and find themselves on the wrong side of the digital divide go to significant lengths to access the Internet. Based on 2013 Pew data, which represents the most recent home adoption data available, a full 14 percent of people in the United States use the Internet but lack a home connection (84 percent use the Internet while only 70 percent have home broadband service).<sup>23</sup> This gap becomes even more pronounced for constituencies that have traditionally lacked home broadband connections. For those in rural areas, the gap is 16 percentage points (78 percent use the Internet while 62 percent have home broadband).<sup>24</sup> There is a 23-point gap for those without a high school education (60 percent usage vs. 37 percent home adoption).<sup>25</sup> For people making less than \$30,000 per year, the gap is 18 points (72 percent vs. 54 percent).<sup>26</sup> And,

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[http://www.ntia.doc.gov/files/ntia/publications/exploring\\_the\\_digital\\_nation\\_embracing\\_the\\_mobile\\_internet\\_10162014.pdf](http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_embracing_the_mobile_internet_10162014.pdf).

<sup>21</sup> *Id.*

<sup>22</sup> Aaron Smith, U.S. Smartphone Use in 2015, Pew Research Center 14 (Apr. 1, 2015), *available at* <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/> (“Smartphone Use in 2015”).

<sup>23</sup> Andrew Perrin & Maeve Duggin, Americans’ Internet Access: 2000-2015, Pew Research Center (June 26, 2015), *available at* [http://www.pewinternet.org/files/2015/06/2015-06-26\\_internet-usage-across-demographics-discover\\_FINAL.pdf](http://www.pewinternet.org/files/2015/06/2015-06-26_internet-usage-across-demographics-discover_FINAL.pdf) (“Internet Usage 2015”); Home Broadband 2013.

<sup>24</sup> Internet Usage 2015; Home Broadband 2013.

<sup>25</sup> Internet Usage 2015; Home Broadband 2013.

<sup>26</sup> Internet Usage 2015; Home Broadband 2013.

for Latinos, the gap is a staggering 28 percentage points (81 percent vs. 53 percent).<sup>27</sup> If nothing else, this analysis, along with other survey data cited above, demonstrates clearly that a significant portion of non-adopters are interested in accessing the Internet and do so, likely with undue hardship, somewhere outside the home.

These recent trends indicate that more must be done to address barriers to adoption that exist for those who remain disconnected or who are unable to maintain the service. While Lifeline cannot and should not be the only effort undertaken by the federal government to address barriers to broadband adoption and accelerate stalling uptake rates, it is a good place to start as a targeted program already reaching many on the wrong side of the digital divide.

According to one of the largest Lifeline providers, in 2009, the first year that home broadband adoption rates began to slow considerably, 90 percent of its subscribers lacked home broadband access.<sup>28</sup> If this number holds today, this one provider could have up to 15 percent of the population of non-adopters among its existing Lifeline customer base.<sup>29</sup> If one assumes a similar percentage of all Lifeline subscribers across providers currently lack home broadband, nearly half of all non-adopters could be current Lifeline customers.<sup>30</sup>

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<sup>27</sup> Internet Usage 2015; Home Broadband 2013.

<sup>28</sup> Comments of TracFone Wireless, Inc., NTIA Docket No. 0907141137-05 (filed Nov. 30, 2009), *available at* <http://www.ntia.doc.gov/files/ntia/broadbandgrants/comments/rfi2/TracFone%20-%20Comments%20to%20NTIA%20and%20RUS%20sent%2011-30-09.2.pdf> (“2009 TracFone NTIA Comments”).

<sup>29</sup> 90 percent of SafeLink’s estimated 4 million customers would amount to 3.6 million households, containing up to 14.4 million people. An estimated 94 million people lack home broadband.

<sup>30</sup> 12.4 million households containing an estimated 49.6 million people were enrolled in Lifeline at the close of Q42014. Universal Service Administrative Company, “Moving Forward: 2014 Annual Report” (2014), *available at* [https://www.usac.org/\\_res/documents/about/pdf/annual-reports/usac-annual-report-2014.pdf](https://www.usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-2014.pdf).

This is not surprising when one looks at the limited demographic data on Lifeline subscribers that has been voluntarily provided by a handful of providers. As Commissioner Clyburn noted a few years ago, one major provider told her that its average Lifeline customer is a middle-aged grandmother, raising her grandchildren on only \$12,000 per year.<sup>31</sup> Reviewing the customer demographic data provided by other Lifeline providers reveals a similar story.

According to one major provider, 79 percent of its customers have a household income of less than \$15,000 per year.<sup>32</sup> Nearly a third are over the age of 55, and 36 percent are disabled.<sup>33</sup> Three quarters of this provider's customers do not have a landline at home and rely exclusively on their wireless Lifeline product.<sup>34</sup> And almost half have never had a wireless phone before.<sup>35</sup>

Another provider shared that 74 percent of its Lifeline customers are unemployed with many explaining that they use their Lifeline wireless phone to pursue employment.<sup>36</sup> According to this provider, 20 percent of its Lifeline users are over the age of 66, and 10 percent are veterans of the U.S. armed services.<sup>37</sup> Another survey of this provider's Lifeline customers revealed that 86 percent did not have an Internet connection at home, and 90 percent didn't have broadband Internet access, further increasing their reliance on their Lifeline phone service.<sup>38</sup>

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<sup>31</sup> Mignon Clyburn, Commissioner, FCC, Remarks at Consumer Assembly 2013: Challenges and Opportunities (Mar. 15, 2013).

<sup>32</sup> Sprint, Ex Parte Presentation, WC Docket No. 11-42 (filed Apr. 10, 2013) ("April Sprint Ex Parte").

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> TracFone Wireless, Inc., Ex Parte Presentation, WC Docket Nos. 11-42, 03-109 (filed Apr. 5, 2013).

<sup>37</sup> *Id.*

<sup>38</sup> 2009 TracFone NTIA Comments.

Still another provider shared that 47 percent of its Lifeline customers are over the age of 50 and that 13 percent are veterans.<sup>39</sup> Less than 10 percent of this provider's customers are employed on a full time basis.<sup>40</sup>

As NHMC has consistently noted through the years, Lifeline beneficiaries are grateful seniors, deserving veterans, and many folks who are going through some of the hardest times of their lives – job losses, illnesses, disability, family tragedies – and who are thankful to be able to take advantage of the modest subsidy to help obtain a tool that would not otherwise be available to help pull themselves up to prosperity. While voice service will continue to be incredibly important for Lifeline constituents, broadband service is just as critical.

## **II. MINIMUM SERVICE LEVELS AND THE SUPPORT AMOUNT SHOULD BE FLEXIBLE AND CAPABLE OF EVOLVING OVER TIME.**

In the FNPRM, the Commission proposes to adopt “minimum service levels for voice and broadband Lifeline service to ensure value for ... USF dollars and more robust services for low-income Americans.”<sup>41</sup> The Commission also tentatively concludes that it should make permanent the current \$9.25 level of support.<sup>42</sup> While data concerning current Lifeline products indicates that minimum service levels may be required in some instances, and may ultimately be a good idea in others, paramount is that the Commission maintains sufficient flexibility to evolve service levels over time, as envisioned in Section 254. Setting minimum standards without contemplating their evolution, or making permanent the current support level threatens the Commission's ability to remain responsive to the objectives and requirements set forth in the statute.

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<sup>39</sup> TAG Mobile, Ex Parte Presentation, WC Docket No. 11-42 (filed Apr. 17, 2013).

<sup>40</sup> *Id.*

<sup>41</sup> FNPRM at ¶ 15.

<sup>42</sup> *Id.* at ¶ 52.

**A. Evidence Indicates That Minimum Service Levels Are Necessary For Voice-Only Service Plans.**

Strict minimum service standards may be required for voice-only or voice-dominant service plans. As the Commission has noted, service levels for Lifeline voice plans have remained largely stagnant since the 2012 Lifeline reforms, typically remaining around 250 minutes per month, despite costs associated with providing voice service declining and many general market plans eschewing buckets of voice minutes and, instead, providing unlimited voice service.<sup>43</sup> NHMC recommends that the Commission set evolving minimum standards for voice minutes based on common usage patterns. For instance, a Lifeline subscriber should have sufficient minutes to allow for basic communication between employers and their employees, educators or childcare providers and parents, and family members, as well as government services offices and information phone lines. It should also provide sufficient minutes for the average consumer to maintain voice service throughout the course of a month without needing to “top up” by purchasing costly additional minutes. To that end, the Commission should focus on the number of voice minutes that a typical wireless voice subscriber uses over the course of the month. NHMC believes that a minimum service level for voice-only plans in the range of 700 to 1000 minutes per month would be appropriate.

**B. Minimum Service Levels For Broadband Set Using Functional Standards May Be Useful But Should Evolve And Improve Regularly With The General Market.**

Minimum service levels for broadband may be more difficult to set initially, given the current fragmentation of the market. Today, general market consumers have vastly different expectations for how they purchase and use fixed broadband service versus mobile broadband service. For instance, mobile consumers typically purchase services differentiated by usage

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<sup>43</sup> FNPRM at ¶ 16.

limits while fixed consumers purchase a certain level of bandwidth. Indeed, many, including NHMC, have expressed the opinion that the mobile service is not yet a sufficient substitute for a fixed, home connection – largely due to markedly higher cost associated with using increasingly common data intensive services, such as high-definition video conferencing, and the more limited functionality of mobile devices. However, as NHMC has also noted, mobile service provides an incredibly useful on-ramp to the Internet for many within communities of color and, indeed, the value associated with mobility along with lower up-front costs and improving devices, has allowed the use of mobile service to skyrocket in popularity. Lifeline providers should ultimately provide consumers with a host of options on both platforms, including plans that include voice service, to allow consumers to choose what service best meets their needs. Although settling on specific minimum service levels may be difficult, the Commission should focus on functionality as it endeavors to do so and implement mechanisms to allow those levels to evolve over time.

**1. Minimum Service Levels Should Be Sufficient To Participate In Economic Activity, Like Seeking And Applying For Employment.**

A typical low-income family needs access to broadband for critical reasons that are sometimes different from the rest of average America. A parent out of work will need meaningful access to broadband to apply for jobs, often dozens before receiving an interview. Searching the Internet, finding jobs, and sending emails with attached resumes and letters all require a sufficient amount of bandwidth or data. Individuals in a household earning less than \$30,000 a year, compared to households earning \$75,000 a year, are nearly twice as likely to use a smartphone to look for a job and are more than four times as likely to submit a job application



from a smartphone.<sup>44</sup> Compared to only 7 percent of more affluent individuals, 32 percent of low-income households reported using their smartphones to apply for a job.<sup>45</sup> Further, of consumers who are “smartphone dependent” (individuals who have no or limited Internet access outside of their smartphones), 63 percent have looked for job information on their phones, and 39 percent have submitted a job application on their smartphone.<sup>46</sup>

## **2. Minimum Service Levels Should Be Sufficient To Bridge The “Homework Gap.”**

A parent who does not have the time or capacity to pursue a traditional high school, college, or graduate degree will need sufficient bandwidth and data to take an online course and stream educational videos. In the past year 44 percent of smartphone users between the ages of 18-29 have used their phones to access educational content.<sup>47</sup> Most online courses require, at a minimum, an individual to have high-speed Internet access.

Access to meaningful broadband for a family with school-aged children, especially in a low-income Latino household, is essential for a student’s success. Seven in ten teachers today assign homework that requires access to broadband while five million households with school-aged children do not have at-home broadband.<sup>48</sup> Latino students are the most likely to receive a lower grade on an assignment because of a lack of broadband access.<sup>49</sup> Without a meaningful broadband connection, students and parents must seek out alternative connections at places like

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<sup>44</sup> Smartphone Use in 2015 at 21.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

<sup>47</sup> *Id.* at 22.

<sup>48</sup> Statement of Commissioner Jessica Rosenworcel, *Lifeline and Link Up Reform and Modernization*, FCC Open Meeting (June 18, 2015), available at <https://www.fcc.gov/article/fcc-15-71a4> (“Statement of Comr. Rosenworcel”).

<sup>49</sup> Jose Antonio Tijerino, “Too Common a Story—the Homework Gap,” *Huffington Post Education* (May 28, 2015), available at [http://www.huffingtonpost.com/jose-antonio-tijerino/too-common-a-story-the-ho\\_b\\_7451746.html](http://www.huffingtonpost.com/jose-antonio-tijerino/too-common-a-story-the-ho_b_7451746.html).

crowded libraries or McDonald's parking lots.<sup>50</sup> A steep 31 percent of households earning under \$50,000 with school-aged children do not have access to broadband at home.<sup>51</sup> This number grows to nearly 40 percent for households earning under \$25,000.<sup>52</sup> This demonstrates what Commissioner Rosenworcel has aptly named the "homework gap." Commissioner Rosenworcel often refers to this as the cruelest part of the digital divide. The need to access to the Internet only increases as school-aged children get older; nearly all high school students report being assigned homework requiring Internet access.<sup>53</sup> While low-income households with access say that the Internet is helpful for job searches and staying in touch with people, 84 percent report that access is very helpful with completing schoolwork.<sup>54</sup> Additionally, a lack of broadband access makes it difficult for students and parents to check their grades online, contact teachers, complete assignments and visit school web pages, leaving them further out of contact with vital education resources.<sup>55</sup> Simply put, students who find themselves on the wrong side of the digital divide and the "homework gap" are denied a 21<sup>st</sup>-century education.

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<sup>50</sup> Statement of Comr. Rosenworcel.

<sup>51</sup> John B. Horrigan, "The Numbers Behind the Broadband 'Homework Gap,'" Pew Research Center, Apr. 20, 2015, *available at* <http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/>.

<sup>52</sup> *Id.*

<sup>53</sup> *Taking the Pulse of the High School Student Experience in America*, Hispanic Heritage Foundation, My College Options, and Family Online Safety Institute (Apr. 2015), *available at* [https://www.fosi.org/documents/142/Taking\\_the\\_Pulse\\_Phase\\_1\\_Research\\_Findings\\_FINAL.pdf](https://www.fosi.org/documents/142/Taking_the_Pulse_Phase_1_Research_Findings_FINAL.pdf).

<sup>54</sup> *The Benefits of Broadband Expansion to America's Economy, Education, and Health*, Common Sense Kids Action (June 2015), *available at* [https://www.common sense media.org/sites/default/files/uploads/kids\\_action/broadband-benefits-report-final-draft-for-design.pdf](https://www.common sense media.org/sites/default/files/uploads/kids_action/broadband-benefits-report-final-draft-for-design.pdf) ("Benefits of Broadband Expansion").

<sup>55</sup> *Id.*

### **3. Minimum Service Levels Should Be Sufficient To Access Public Health Information And Services.**

Low-income families need broadband service capable of accessing health information and facilitating communication with their doctors. More than 60 percent of families who earn less than \$30,000 a year have utilized a smartphone to access health information.<sup>56</sup> Telemedicine, though relatively new, has the potential to significantly decrease health costs.<sup>57</sup> The average in-person doctor visit ranges in cost from \$136 to \$176, while the average virtual visit costs only \$40 to \$50.<sup>58</sup> Some states now require health insurance providers to cover some telemedicine care services and costs.<sup>59</sup> Access to insurance-covered telemedicine services has helped treat underserved areas for chronic diseases like diabetes.<sup>60</sup> Telemedicine opens doors for low-income communities and communities of color to receive state-of-the-art health care no matter what geographic or economic barriers exist.

#### **C. The Support Level Should Not Be Permanently Set At \$9.25.**

In the FNPRM, the Commission seeks comment on the tentative conclusion to adopt a permanent support amount of \$9.25 for the Lifeline. NHMC respectfully disagrees with the concept of setting a permanent support amount, as it could frustrate the Commission's universal service goals by failing to provide the Commission with the flexibility to support "an evolving level of telecommunications service" consistent with the statute.<sup>61</sup>

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<sup>56</sup> Smartphone Use in 2015 at 21.

<sup>57</sup> Benefits of Broadband Expansion.

<sup>58</sup> *Id.*

<sup>59</sup> Christine Vestal, "Managing Diabetes with Telemedicine," Pew Charitable Trusts (Apr. 18, 2014), *available at* <http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2014/04/18/managing-diabetes-with-telemedicine>.

<sup>60</sup> *Id.*

<sup>61</sup> 47 U.S.C. §254(c).

Instead, the Commission should continue to explore ways to maximize the impact of Lifeline funds while generating competition among providers. One such way to do this is to consider funding different levels of service with differing support levels. For instance, reimbursement rates for voice-only plans could be set lower since the cost of providing such services is lower. Similarly, providers offering robust bundled services should be eligible to receive a greater amount of support. Given the diverse needs of consumers, allowing some plans to warrant less than \$9.25 in reimbursement while allowing others to exceed it could ultimately result in an average benefit of \$9.25 and allow current funding levels to remain relatively stable. Additionally, the Commission should explore ways to incentivize states to provide a supplementary benefit in order to help keep costs of the federal program steady.

### **III. ADOPTING A CAP OR THRESHOLD BUDGET FOR LIFELINE IS NOT APPROPRIATE AT THIS TIME.**

NHMC rejects calls to cap Lifeline and advocates strongly against a strict budget that could potentially exclude millions of eligible families from the Lifeline subsidy.

The Commission has stated that the purpose of a budget is “to ensure that all of our goals are met as the Lifeline program transitions to broadband, including minimizing the contribution burden on ratepayers, while allowing the Commission to take account of the unique nature and goals of the Lifeline program.”<sup>62</sup> The unique nature and goals of Lifeline include, from its inception, that low-income qualifying Americans have access to communications services that serve as a lifeline to the outside world.<sup>63</sup> Broadband is a modern lifeline. Thus, because universal service means providing access to “all” people in the United States, it would frustrate

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<sup>62</sup> FNPRM at ¶ 56.

<sup>63</sup> FNPRM at ¶ 1.

Lifeline’s purpose to limit the benefit’s reach by placing a cap or threshold on it that would prevent it from serving less than 100 percent of the eligible population.

Currently some estimates show that only a quarter to a third of eligible households utilize the Lifeline benefit. If the Commission were to cap Lifeline at the current level of participation, as some have urged, it would potentially cut off a large number of eligible families. This would be unwise and disastrous for the program and fall far short of providing *universal* service. The Commission admits that there is no data to support that the current level or any past level is an appropriate level at which to cap the Lifeline budget.<sup>64</sup> NHMC asserts the best way to constrain the size of the Lifeline benefit is to allow consumers to utilize it as a pathway out of poverty. Given that eligibility is linked directly to income and participation in other governmental benefit programs, as the number of families in poverty or utilizing these services decreases, so too does the size of the eligible population for the program.

#### **IV. THE COMMISSION HAS IDENTIFIED SUFFICIENT AND APPROPRIATE LEGAL AUTHORITY TO SUPPORT BROADBAND THROUGH LIFELINE.**

The Commission proposes to amend its rules to include broadband Internet access service, as defined by the *Open Internet Order*,<sup>65</sup> as a supported service in Lifeline.<sup>66</sup> NHMC supports the Commission’s use of its legal authority under Title II of the Communications Act to amend sections 54.101, 54.00, and 54.401 to include broadband as a supported service. NHMC agrees with the Commission’s determination that Section 254(c) defines universal services as “an

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<sup>64</sup> FNPRM at ¶ 57.

<sup>65</sup> See *Protecting and Promoting the Open Internet*, GN Docket No. 14-28, Report & Order, FCC 15- 24 (rel. Mar. 12, 2015) (“2015 Open Internet Order”).

<sup>66</sup> See 47 C.F.R. §§54.401-54.403 (defines the supported service in the Lifeline program as “voice telephony service”).

evolving level of telecommunications service”<sup>67</sup> and broadband Internet access is a “telecommunications service.”<sup>68</sup> NHMC also agrees that including broadband Internet access as a supported service in Lifeline is consistent with Congress’s principles for universal service.

Additionally, the definition of broadband Internet access is consistent with the factors that Congress has directed the Commission to consider when establishing telecommunications services. For the reasons noted above, and others, broadband Internet access service is clearly essential to education, public health, and public safety. Through the operation of market choices by customers, broadband Internet access service has been subscribed to by a substantial majority of residential customers – more than 70 percent by the latest count. Further, broadband Internet access services are being deployed in public telecommunications networks by telecommunications carriers and are overwhelmingly consistent with public interest, convenience, and necessity.<sup>69</sup> The Commission is on sound legal footing to allow Lifeline funds to be used to subsidize broadband Internet access service.

## CONCLUSION

Wherefore, NHMC respectfully requests that the Commission accept the recommendations herein.

Daiquiri I. Ryan  
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Respectfully Submitted,

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<sup>67</sup> 47 U.S.C. §254(c).

<sup>68</sup> See 2015 Open Internet Order at ¶ 331-35.

<sup>69</sup> 47 U.S.C. §254(c)(1)(A-D).